

EXHIBIT 1

Mark Pugerude - June 29, 2018

<p style="text-align: center;">1</p> <p>1 GENBAND MANAGEMENT SERVICES : IN THE DISTRICT CORPORATION, 2 : COURT OF DALLAS Plaintiff, 3 : COUNTY, TEXAS v. 4 : 116th JUDICIAL COEFFICIENT, LLC AND 5 TELEFFICIENT, LLC, : DISTRICT 6 Defendants/Counter-Plaintiffs,: 7 v. : CAUSE NO. 8 GENBAND MANAGEMENT SERVICES : DC-16-12593 COROPORATION, GENBAND 9 HOLDINGS COMPANY, and GENBAND US, LLC, 10 : Counter-Defendants. 11 12 13 * * * * * 14 15 Videotaped Deposition of: 16 MARK PUGERUDE, 17 was held Friday, June 29, 2018 commencing at 9:00 18 a.m., at the Law Offices of Baker Botts, LLP, 1299 19 Pennsylvania Avenue, NW, Washington, D.C. 20004, 20 before Goldy Gold, a Registered Professional 21 Reporter and a Notary Public within and for the 22 District of Columbia. 23 24 25</p>	<p style="text-align: center;">3</p> <p>1 I N D E X 2 Deposition of Mark Pugerude 3 June 29, 2018 4 5 EXAMINATION BY PAGE 6 MR. BEXLEY 5 7 MR. RUBENSTEIN 221 8 MR. BEXLEY 236 9 10 11 12 EXIBITS DESCRIPTION PAGE 13 Exhibit 75 e-mail correspondence 73 14 Exhibit 76 chain of e-mails 97 15 Exhibit 77 chain of e-mails 106 16 Exhibit 78 chain of e-mails 114 17 Exhibit 79 chain of e-mails 117 18 Exhibit 80 chain of e-mails 136 19 Exhibit 81 chain of e-mails 175 20 Exhibit 82 e-mail correspondence 186 21 Exhibit 83 chain of e-mails 193 22 Exhibit 84 chain of e-mails 198 23 Exhibit 85 e-mail correspondence 204 24 25 (Exhibits included with transcript.)</p>
<p style="text-align: center;">2</p> <p>1 A P P E A R A N C E S: 2 3 ON BEHALF OF THE PLAINTIFF/COUNTER-DEFENDANTS: 4 JONATHAN B. RUBENSTEIN, ESQ. ALLISON SMITH, ESQ. 5 Baker Botts, LLP 2001 Ross Avenue 6 Dallas, Texas 75201 Telephone: (214) 953-6594 7 E-mail: allison.smith@bakerbotts.com jonathan.rubenstein@bakerbotts.com 8 9 10 ON BEHALF OF THE DEFENDANTS/COUNTER-PLAINTIFFS: 11 TYLER BEXLEY, ESQ. Reese Marketos, LLP 750 N. Saint Paul Street - Suite 600 13 Dallas, Texas 75201 Telephone: (214) 382-9805 14 E-mail: tyler.bexley@rm-firm.com 15 16 ALSO PRESENT: Pat Ruffner, Videographer 17 18 19 20 21 22 23 24 25</p>	<p style="text-align: center;">4</p> <p>1 PROCEEDINGS 2 3 VIDEOGRAPHER: Here begins Disc No. 1 in the videotaped deposition of Mark Pugerude in 4 the matter of Genband Management Services 5 Corporation vs. CoEfficient, LLC, and 6 TelEfficient, LLC, vs. Genband Management 7 Services Corporation, Genband Holdings Company 8 and Genband US, LLC, in the District Court of 9 Dallas County, Texas, Cause No. DC-16-12593. 10 Today's date is June 29, 2018. The time 11 is 9:20 a.m. This deposition is being held at 12 1299 Pennsylvania Avenue Northwest, 13 Washington, D.C. 14 The court reporter is Goldy Gold on 15 behalf of Dickman Davenport. The videographer 16 is Pat Ruffner on behalf of Dickman Davenport. 17 Will counsel please introduce themselves 18 and state whom they represent. 19 MR. RUBENSTEIN: Jonathan Rubenstein 20 from Baker Botts on behalf of the Genband 21 entities and the witness, and with me is my 22 colleague Allie Smith. 23 MR. BEXLEY: Tyler Bexley. I represent 24 CoEfficient and TelEfficient. 25 VIDEOGRAPHER: Will the court reporter</p>

Dickman Davenport, Inc

214.855.5100 www.dickmandavenport.com 800.445.9548

Case: 18-41932 Doc# 25-2 Filed: 10/17/18 Entered: 10/17/18 17:19:28 Page 2 of

<p style="text-align: center;">5</p> <p>1 please swear in the witness. 2 WHEREUPON, 3 MARK L. PUGERUDE, 4 called as a witness, having been duly sworn, was 5 examined and testified as follows: 6 EXAMINATION BY 7 MR. BEXLEY: 8 Q. Good morning, sir. 9 A. Good morning. 10 Q. Please state your full name. 11 A. Mark L. Pugerude. 12 Q. Mr. Pugerude, what is your business 13 address? 14 A. My current business address? 15 Q. Yes, sir. 16 A. Actually, I don't know off the top of my 17 head. Actually, it's 20405 Exchange Boulevard. 18 Q. And what is your home address? 19 A. 4944 Trail Vista Lane. 20 (Reporter clarification.) 21 THE WITNESS: 4944 Trail Vista Lane, 22 Chantilly, Virginia 20151. 23 BY MR. BEXLEY: 24 Q. You're here today to offer deposition 25 testimony regarding a lawsuit between Genband and my</p>	<p style="text-align: center;">7</p> <p>1 will ask that you allow me to finish my question, 2 even if you know where I'm going with the question, 3 before you answer, and I will extend the same 4 courtesy to you of letting you finish your answer. 5 Is that okay? 6 A. Okay. 7 Q. And, similarly, because she has to take 8 everything down, you have to give audible yes-or-no 9 answers rather than a head nod or a shake of the 10 head, or "uh-huh," because that doesn't come across 11 in the transcript. 12 Is that okay with you? 13 A. Okay. 14 Q. If you need a break at any time, just 15 let me know, and I'll be happy to give you a break. 16 Okay? 17 A. Sure. 18 Q. Lastly, if I ask a question that you 19 don't understand, if it's not clear in some way, 20 will you just tell me that, and I'll try to clarify 21 the question? 22 A. Sounds good. 23 Q. All right. You're represented here 24 today by the lawyers across the table from Baker 25 Botts, correct?</p>
<p style="text-align: center;">6</p> <p>1 client, CoEfficient and TelEfficient, right? 2 A. Correct. 3 Q. And you received a deposition notice 4 indicating that your presence was required here 5 today? 6 A. I did. 7 Q. You've given a deposition before, 8 correct? 9 A. I have. 10 Q. So you know the gist of how it works and 11 the general rules for a deposition, right? 12 A. I think so. 13 Q. I'll go over a few ground rules, just so 14 we're on the same page. 15 Number one, you know that you just took 16 an oath to tell the truth, as if you're sitting and 17 testifying before a jury, right? 18 A. I do. 19 Q. And you know that this testimony might 20 be played by video or read to a jury in a trial in 21 Dallas, right? 22 A. I do. 23 Q. And you see that there is a court 24 reporter here today, and so because she has to take 25 down everything I ask and everything you answer, I</p>	<p style="text-align: center;">8</p> <p>1 A. Correct. 2 Q. And do you consider them to be your 3 personal counsel or company counsel for Genband? 4 MR. RUBENSTEIN: Objection to form. 5 THE WITNESS: I believe that they're 6 company counsel, and I've signed that they 7 represent me, yes. 8 BY MR. BEXLEY: 9 Q. You have some sort of written document 10 to that effect? 11 A. Correct. 12 Q. When did you sign that? 13 A. That was February. 14 Q. Of this year? 15 A. Yes. 16 Q. And I understand you've given 17 depositions before, correct? 18 A. I have. 19 Q. How many times? 20 A. I think, like, 12, 10 to 12 times. 21 Q. When was the most recent deposition? 22 A. It's hard to say. Like -- it's probably 23 late fall last year, maybe. 24 Q. And what type of case was that? 25 A. Intellectual property lawsuit.</p>

<p style="text-align: right;">69</p> <p>1 Q. And what about energy credit and energy 2 efficiency? Did TelEfficient have expertise in 3 those areas?</p> <p>4 A. I don't know. I never saw any proof of 5 that.</p> <p>6 Q. Was it conveyed to you at some point 7 that they might have expertise in that area?</p> <p>8 A. So, again, with the business model the 9 way it was, you basically enter into a long-term 10 services agreement, and you take all the bills, and 11 you reduce that power consumption, and then pay the 12 equipment off.</p> <p>13 The notion of getting reclaimed energy 14 credits, those are programs that are in place for 15 every utility in every county in the United States 16 and most places in all of Western Europe because 17 they don't want to build more power plants.</p> <p>18 So if you go to any building right here 19 in Washington, D.C., and you build a new building, 20 and you put in energy savings, and you have, like, a 21 drawdown that's less, the landlord will actually get 22 an energy credit.</p> <p>23 So energy credits are for, like, capital 24 avoidance for the power company, right? So if they 25 say, "If you put in this amount of power</p>	<p style="text-align: right;">71</p> <p>1 usually -- anything that's unusual or different, you 2 know, usually has to go up to either me or Daryl.</p> <p>3 Q. And this was unusual and different?</p> <p>4 A. It was different.</p> <p>5 Q. And you did ultimately decide to move 6 forward with the teaming agreement with 7 TelEfficient, right?</p> <p>8 A. I did.</p> <p>9 Q. Why?</p> <p>10 A. Like I stated in earlier testimony, I 11 appreciated the marketing aspect of it. You know, 12 everything was green back then, so I felt like we 13 were drafting in behind some market dynamics that 14 were appealing to customers.</p> <p>15 We were doing work with -- as I recall, 16 doing some work, like, with the FCC and trying to be 17 more engaged with the federal government, with 18 Department of Defense contracts and the like. So we 19 felt like it had some benefits in that regard to 20 promote, you know, kind of some good things.</p> <p>21 We have also heard, as I recall, like, 22 from some of the carriers that they had, you know, 23 maybe management targets to reduce their energy 24 consumption, because everything was all about green 25 back then.</p>
<p style="text-align: right;">70</p> <p>1 consumption, my plan is going to cost me \$100,000, 2 so I'll give you a \$20,000 credit not to make me 3 spend \$100,000" -- so energy credits are kind of a 4 common thing.</p> <p>5 Q. So I guess my question is just whether 6 the business model of TelEfficient included a 7 component of using those energy credits in some way.</p> <p>8 A. If they were applicable, I think there 9 was that component.</p> <p>10 Q. For example, did you see financial 11 models that would have taken into account credits?</p> <p>12 A. I don't recall particularly, but I 13 wouldn't be surprised.</p> <p>14 Q. Now, you mentioned that you were the 15 person who was responsible for deciding whether or 16 not to go forward with the teaming agreement with 17 TelEfficient?</p> <p>18 A. Yes.</p> <p>19 Q. And why were you the person that was 20 tasked with that?</p> <p>21 A. I was president of the company.</p> <p>22 Q. And that wasn't something, for example, 23 Steve Bruny could do?</p> <p>24 A. I don't remember exactly the business 25 reasons why I was -- I mean, I was president, and</p>	<p style="text-align: right;">72</p> <p>1 So, yes, it was those things. Like, 2 everything was, you know, geared towards being 3 green, and that's probably why we liked it.</p> <p>4 Q. So you entered into a teaming agreement 5 with TelEfficient with hopes that they would give 6 you something additional to market to carriers like 7 AT&T and Verizon?</p> <p>8 A. Yes, absolutely.</p> <p>9 Q. And it was your hope and expectation 10 that TelEfficient can help Genband close deals with 11 those customers, true?</p> <p>12 A. Without question.</p> <p>13 Q. Do you recall, in fact, stating at one 14 point in time that you thought this business 15 arrangement with TelEfficient was a \$200 million 16 idea?</p> <p>17 A. If you're saying I have an e-mail that 18 says that, then -- I don't recall saying that. I 19 don't recall saying that.</p> <p>20 Q. Would that surprise you?</p> <p>21 A. Well, I would think about the rollup of 22 business with AT&T, Verizon, Portugal -- yes. The 23 net sum of all the potential business that could be 24 the total addressable market for this opportunity, 25 that could be possible.</p>

<p style="text-align: center;">77</p> <p>1 So what happened was network 2 transformation happened on a smaller scale. So 3 instead of doing 100 switches in one time, they 4 would do two or four or six. So, you know, instead 5 of building a brand-new bridge, we would just, you 6 know, paint over the old one. 7 So that's what I mean by "a massive 8 scale." It always happens. It happens right now. 9 It just didn't happen en masse.</p> <p>10 Q. So if I understand what you just said, 11 the carriers or the telecommunications companies 12 were having a hard time making the financial or 13 business case for doing a large-scale network 14 transformation process; is that fair?</p> <p>15 A. For large scale, yes.</p> <p>16 Q. And you viewed TelEfficient as offering 17 some possible alternatives to the telecommunications 18 companies to get them to see the economics?</p> <p>19 A. We were hopeful.</p> <p>20 Q. And you went on to write after that 21 sentence, "This deal construct is working on paper," 22 right?</p> <p>23 A. I do.</p> <p>24 Q. When you say "this deal construct," 25 you're talking about the TelEfficient deal</p>	<p style="text-align: center;">79</p> <p>1 TelEfficient? 2 A. My bet is -- I don't recall. Either I 3 had briefed him or Steven had briefed him. 4 Q. And he was interested in the concept? 5 A. Yes. 6 Q. Why was he interested in the concept of 7 TelEfficient to the point where he'd have high-level 8 visibility with it?</p> <p>9 MR. RUBENSTEIN: Objection to form.</p> <p>10 THE WITNESS: As I said in earlier 11 testimony, he was a professional investor and 12 was, you know, keen on business dealings and 13 financial dealings and financial engineering, 14 so he liked the concept of the combination of 15 green financing and appealing to that kind of 16 business.</p> <p>17 BY MR. BEXLEY:</p> <p>18 Q. Do you recall, after this point, if he 19 got involved directly in communications with Murat?</p> <p>20 A. I'm sorry. Can you say that again?</p> <p>21 Q. Do you recall, after this point, whether 22 he got involved directly in conversations with Murat 23 Armbruster?</p> <p>24 A. I don't think so. I don't know.</p> <p>25 Q. And then that parenthetical you wrote,</p>
<p style="text-align: center;">78</p> <p>1 construct, right? 2 A. Yes. Services contract, yes. 3 Q. And then you go on, "I tried to make 4 sure you and your team got involved earlier and 5 often. I feel like we are behind now. This is and 6 always has been a good idea." 7 Right? 8 A. Right, right. 9 Q. When you say, "This is and always has 10 been a good idea," you're saying TelEfficient and 11 the business idea that they are offering is and has 12 always been a good idea? 13 A. Yes. 14 Q. Then you wrote, "Walsh has high-level 15 visibility with this now. He will probably end up 16 trying to use them for InterTech as well." 17 Do you see that? 18 A. I do. 19 Q. What did you mean by "Walsh has 20 high-level visibility with this now"?" 21 A. He had high visibility. 22 Q. Well, this means TelEfficient? 23 A. Yes. 24 Q. Why did Walsh at this point, in 25 September of 2013, have high-level visibility with</p>	<p style="text-align: center;">80</p> <p>1 "He will probably end up trying to use them for 2 InterTech, as well." 3 What is InterTech? 4 A. Well, this runs back -- I got to go back 5 on the memory banks, but InterTech was an 6 interesting concept. It was a -- it was an energy 7 idea -- energy savings idea for cooling data 8 centers. And these data centers were basically -- 9 had these Lego connected pipes that all went into 10 all the servers, and they had the special inner gas 11 that basically was a heat absorber. 12 So instead of having fans, you know, 13 powering and chilling off these servers, that burned 14 a lot of electricity and created a lot of heat, this 15 weird, like, construct of this gas absorbing heat 16 would cool down these data centers. 17 And I think Mr. Walsh was an investor 18 and very high on the business, so he wanted to see 19 how combining InterTech, green -- so we were very 20 much into, you know, figuring out ways how to get on 21 the green bandwagon, and InterTech was another one 22 of those ideas. 23 Q. InterTech was not a Genband subsidiary, 24 was it? 25 A. No.</p>

<p style="text-align: center;">81</p> <p>1 Q. It was a separate sort of stand-alone 2 company? 3 A. Correct. 4 Q. And do you know if it was owned, in 5 whole or in part, by One Equity Partners? 6 A. I don't know their economic -- I don't 7 remember the ownership structure, no. 8 Q. But you knew that Mr. Walsh had some 9 interest in InterTech, right? 10 A. I'm fairly certain he had an economic 11 interest in the company. 12 Q. Do you know if he was on the board or in 13 an executive position in the company? 14 A. I don't think he was an executive. I 15 don't know about the board. 16 Q. Do you know Alex Russo, who was a board 17 member of Genband at one point in time? 18 A. I do. 19 Q. Do you know if he had an interest in 20 InterTech, as well? 21 A. He might have. I don't know. 22 Q. Do you know if he was on the board of 23 InterTech, as well? 24 A. I do not. 25 Q. Do you have a recollection of specific</p>	<p style="text-align: center;">83</p> <p>1 Q. You weren't involved in any of those 2 types of discussions? 3 A. I wasn't -- I didn't promote InterTech. 4 Q. You didn't have any financial interest 5 in InterTech, right? 6 A. I did not. 7 Q. Then you conclude in this e-mail -- you 8 write, "Please just give this your attention and see 9 if we can get this normalized. We need you and your 10 team's brain power on this. We need to make this 11 work. It is possibly a \$200 million idea." 12 Right? 13 A. There you go. 14 Q. So when you say, "It is possibly a 15 \$200 million idea," you're referring to the business 16 relationship between TelEfficient and Genband, 17 right? 18 A. No. That would be \$200 million for 19 Genband, yes. 20 Q. Working together with TelEfficient was a 21 \$200 million idea for Genband, possibly? 22 A. For Genband, yes. 23 Q. So would that refresh your recollection 24 that as of September 2013, you thought TelEfficient 25 was a good idea?</p>
<p style="text-align: center;">82</p> <p>1 discussions about why Mr. Walsh would probably end 2 up trying to use TelEfficient for InterTech? 3 A. So similar to these network 4 transformation deals that are big in scale, 5 InterTech had the same, I think, financial 6 encumbrances of getting something really big done 7 versus something, you know, on a smaller scale, so I 8 think that bundling everything together on paper 9 seemed like we could take advantage of a lot of 10 market dynamics, you know. 11 Q. So there was a thought there were some 12 synergies between TelEfficient and InterTech? 13 A. I think no. Actually, it was more the 14 three companies all providing a energy-efficient 15 solution. That's -- I think that's probably the 16 better way to say it. 17 Q. I got it. 18 So the idea was that you can take 19 Genband, InterTech and TelEfficient, and all three 20 together provide some green solution to customers? 21 A. Correct. 22 Q. Do you know if there were any more 23 in-depth conversations about using InterTech and 24 TelEfficient together? 25 A. Not by me.</p>	<p style="text-align: center;">84</p> <p>1 A. Yes. 2 Q. And then as of September 2013, you 3 thought that Genband could realize \$200 million from 4 working with TelEfficient? 5 MR. RUBENSTEIN: Objection to the form. 6 THE WITNESS: That would be -- as I 7 said, it's possibly a \$200 million idea that 8 we could possibly go and get that much 9 revenue. 10 BY MR. BEXLEY: 11 Q. Do you recall the circumstances 12 surrounding your sending of Exhibit 75? 13 A. I do not. 14 Q. Do you recall there being issues with 15 Mr. Raiford approving deals involving TelEfficient? 16 A. I do not. 17 Q. Do you recall Mr. Raiford having 18 problems or issues with TelEfficient? 19 A. Yes. 20 Q. What do you recall about that? 21 A. I remember skepticism. I remember 22 concern, you know, confusion. 23 Q. Were there delays caused by Mr. Raiford? 24 A. Like, he would delay? 25 Q. Yes, sir.</p>

<p style="text-align: right;">173</p> <p>1 A. I do not. 2 (Reporter clarification.) 3 THE WITNESS: I do not. 4 BY MR. BEXLEY: 5 Q. Can you think of any instance in which 6 Genband was not truthful with Mr. Armbruster or 7 anyone else at TelEfficient? 8 A. No. 9 Q. Can you think of any instance in which 10 Genband was not fully forthcoming with 11 Mr. Armbruster or anyone else at TelEfficient? 12 A. No. 13 Q. So we've just been talking a little bit 14 about the notes, the bridge loan. Tell the jury how 15 the bridge loan came about, the first one. 16 A. I don't recall exactly all the details, 17 but I remember a scenario in which they had either 18 three or four people employed at TelEfficient, and 19 Murat had told me he was either letting them go or 20 do something -- because there was financial 21 difficulties, and that his syndicate or his other 22 investors, or whatever, weren't participating, and 23 they needed funding, and, you know, there was kind 24 of bare minimalist funding. 25 Q. Is it common practice for Genband to</p>	<p style="text-align: right;">175</p> <p>1 going. 2 Q. And it was your ultimate decision to go 3 forward with the bridge financing? 4 A. I would say that it couldn't have 5 happened without me championing it, I would say. I 6 would say it was primarily me and Daryl. 7 Q. And certainly, you would not have 8 championed this financing of TelEfficient if you did 9 not believe that TelEfficient can bring some value 10 to Genband, right? 11 A. Yes. I thought we could do it, 12 absolutely. 13 Q. And you would not have championed this 14 financing of TelEfficient if you didn't think that 15 TelEfficient could help Genband close deals, right? 16 A. Yes, that is true. 17 Q. I'm handing you a document marked as 18 Exhibit 81. 19 [Whereupon, Exhibit 81, chain of 20 e-mails, was hereby marked as for 21 identification, as of this date.] 22 BY MR. BEXLEY: 23 Q. Exhibit 81 is an e-mail from you to 24 members of Genband's executive team about this -- 25 (Reporter clarification.)</p>
<p style="text-align: right;">174</p> <p>1 loan money to a business partner like TelEfficient? 2 A. It is not. 3 Q. How many other instances, during your 4 time at Genband, can you recall making a bridge 5 loan? 6 A. Zero. 7 Q. Why, then, in this case was the decision 8 made that it was a good idea to make a bridge loan? 9 A. So, again, this is more my business call 10 than others, but I had been working on the Rubik's 11 cube of large-scale network transformation for the 12 better part of half a decade, and I tried many, many 13 different scenarios, and it was proving elusive. 14 And I thought this needed refinement. 15 It would have a chance. It needed refinement. It 16 needed a little bit more -- I thought, you know, 17 just one willing participant to do it, and we will 18 get better at it, and then we'd be able to replicate 19 it. 20 So I was willing -- and knew that from a 21 financial construct, we couldn't do it, ourselves, 22 for the reasons I earlier testified. So it really 23 just came down to a matter of optionality. I can 24 invest in more salespeople. I can invest in other 25 things. I chose to invest in this way to keep it</p>	<p style="text-align: right;">176</p> <p>1 BY MR. BEXLEY: 2 Q. -- Genband's executive team about 3 this -- one of the financing requests from 4 Mr. Armbruster, right? 5 A. Yes. 6 Q. And you see it actually starts with an 7 e-mail from Mr. Armbruster, himself, to Steve Bruny, 8 saying he's wondering "if there was a decision made 9 about TelEfficient funding at yesterday's meeting," 10 right? 11 A. Yes. 12 Q. And do you know what meeting that would 13 have been? Was that a board meeting? 14 A. Well, that's a July time frame, so my 15 bet was it was a board meeting. After June, yes, it 16 was probably a board meeting, I would suspect. 17 Q. Did the board sign off on making loans 18 to TelEfficient? 19 A. I don't know if the board signed off on 20 it. I think we had to give board notification, you 21 know. I don't think they had to have approval. I 22 could be wrong about that. I don't remember 23 exactly. 24 Q. Why would you have to give the board 25 notification about the loans?</p>

<p style="text-align: center;">189</p> <p>1 and not the fact that the 1A transaction had been 2 closed without TelEfficient financing at all, right? 3 MR. RUBENSTEIN: Objection to form. 4 THE WITNESS: "In light of delays in 5 closing the AT&T 1A transaction." Yes, that's 6 what it appears.</p> <p>7 BY MR. BEXLEY:</p> <p>8 Q. And so they must believe that there was 9 still a chance that the 1A deal would close with 10 TelEfficient financing, right?</p> <p>11 A. Sure.</p> <p>12 Q. And do you see this detail of expenses: 13 personnel, rent and overhead, travel, and then total 14 expenses, and debt service?</p> <p>15 A. Uh-huh, yes.</p> <p>16 Q. "Yes"?</p> <p>17 And this appears to be an itemization of 18 the expenses that TelEfficient has incurred, or 19 expects to incur, right?</p> <p>20 A. Expects to incur, yes. This looks like 21 a budget.</p> <p>22 Q. And so you knew that TelEfficient was 23 continuing to incur expenses in its work on Genband 24 projects, right?</p> <p>25 A. Yes.</p>	<p style="text-align: center;">191</p> <p>1 capital. They can go and raise money, themselves. 2 Q. Put aside capital. I'm talking about 3 revenue from earnings. 4 A. I hear you. 5 Q. So you knew they weren't earning money 6 from work outside of Genband, right? 7 A. Yes. I'm choosing the answer which is, 8 it doesn't matter whether they got it through 9 revenue or capital raise. They can get enough money 10 to stay in business either way. They had investors 11 before they met us.</p> <p>12 MR. BEXLEY: Objection. Nonresponsive.</p> <p>13 BY MR. BEXLEY:</p> <p>14 Q. And I appreciate what you're saying, but 15 I have a direct and simple question, and I would 16 appreciate it if you can answer it. If you can't, 17 that's fine. I understand.</p> <p>18 A. Sure, sure.</p> <p>19 Q. If you know, did TelEfficient have any 20 source of revenue or cash flow outside of Genband?</p> <p>21 A. No.</p> <p>22 Q. Do you remember Mr. Armbruster 23 requesting a comfort letter for one of his 24 investors, Bostonia, at some point?</p> <p>25 A. I do recall something like that.</p>
<p style="text-align: center;">190</p> <p>1 Q. And ultimately, Genband decided to make 2 this loan, right? 3 A. We did.</p> <p>4 Q. And would that be for the same reasons 5 as the first bridge loan you've already discussed? 6 A. Yes.</p> <p>7 Q. And Mr. Armbruster also wrote in that 8 first paragraph, "This should provide the 9 appropriate runway for us to close our first 10 transaction and pay back the loan."</p> <p>11 Right?</p> <p>12 A. Yes.</p> <p>13 Q. And so you knew that TelEfficient was 14 intending to pay back the loan from revenue earned 15 from a closed transaction, right?</p> <p>16 A. Yes.</p> <p>17 Q. And you knew TelEfficient had no other 18 source of revenue at that time, right?</p> <p>19 MR. RUBENSTEIN: Objection to form.</p> <p>20 THE WITNESS: I do not know that.</p> <p>21 BY MR. BEXLEY:</p> <p>22 Q. Did you believe TelEfficient to be 23 generating cash flow or revenue outside of its work 24 for Genband?</p> <p>25 A. Well, that's not their only source of</p>	<p style="text-align: center;">192</p> <p>1 Q. And what was your reaction to that 2 request? 3 A. I remember being slightly annoyed.</p> <p>4 Q. Why? 5 A. Because we were in discomfort, and we 6 were spending money and time and two years of 7 effort. And, you know, the Bostonia guys were kind 8 of new on the scene, and they already wanted, you 9 know, economic, you know, recovery and other things. 10 And, you know -- that's how I remember it.</p> <p>11 Q. So your annoyance was with Bostonia and 12 not with TelEfficient? 13 (Reporter clarification.)</p> <p>14 BY MR. BEXLEY:</p> <p>15 Q. Your annoyance was with Bostonia and not 16 with TelEfficient?</p> <p>17 A. I think I was just annoyed. I can't 18 say -- it was frustration, maybe. Frustration.</p> <p>19 Q. You knew TelEfficient was, to use your 20 term, in discomfort, also, and had spent a lot of 21 money, right?</p> <p>22 MR. RUBENSTEIN: Objection to form.</p> <p>23 THE WITNESS: I don't know how much they 24 had spent. I know how much we had spent.</p> <p>25 BY MR. BEXLEY:</p>